

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00 USIE-00

INRE-00 PM-04 H-02 INR-07 L-03 NSC-05 PA-01 PRS-01

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FM AMEMBASSY ANKARA

TO SECSTATE WASHDC IMMEDIATE 1990

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EUCOM

CINCUSAFE

AMCONSUL ADANA

TUSLOG DET 10 INCIRLIK

C O N F I D E N T I A L ANKARA 0313

E.O. 11652: GDS

TAGS: PFOR MASS MARR TU

SUBJ: TURKISH THREAT TO CUT OFF ELECTRICITY TO INCIRLIK AIR BASE

1. SUMMARY: GOT MINISTRY OF FINANCE REQUIREMENT THAT USG PAY TAXES ON ELECTRICITY PROVIDED INCIRLIK AIR BASE MAY CAUSE LOCAL COMPANY TO CUT OFF ELECTRICITY TO BASE AS OF JANUARY 18. MINISTRY OF FOREIGN AFFAIRS IS ATTEMPTING TO RESOLVE PROBLEM. IF THOSE EFFORTS NOT SUCCESSFUL, WE PLAN TO REFUSE TO PAY TAXES (EVEN UNDER PROTEST) AND WILL USE CURRENT FROM USG GENERATORS TO SUPPLY BASIC US BUT NOT RPT NOT LOCAL TURKISH MILITARY NEEDS. END SUMMARY.

2. ON NOVEMBER 10, ELECTRIC COMPANY AT ADANA BILLED U.S. AUTHORITIES AT INCIRLIK CDI FOR 330,813 TL IN TAXES FOR AUGUST, SEPTEMBER, AND OCTOBER 9175. TAX BREAKDOWN IS 136,899 TL EXPENDITURE TAX; 114,230 TL MUNICIPALITY DUTY; AND 79,884 TL VILLAGE ELECTRIFICATION SHARES. U.S. AUTHORITIES PAID CONSUMPTION PORTION OF BILL BUT REFUSED TO PAY TAXES, CONTENDING THAT THE USG IS EXEMPT FROM THESE ASSESSMENTS BY BILATERAL AGREEMENT. AFTER
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SEVERAL EXCHANGES AT LOCAL LEVEL FAILED TO RESOLVE

PROBLEM, ELECTRIC COMPANY DEMANDED PAYMENT OF ASSESSMENTS NO LATER THAN DECEMBER 22 OR IT WOULD IMPOSE SURCHARGE PENALTY WHICH COULD AMOUNT TO THREE TIMES THE ORIGINAL ASSESSMENT.

3. WHEN INFORMED OF PROBLEM ON DECEMBER 20, EMBASSY TOOK UP MATTER WITH MINISTRY OF FOREIGN AFFAIRS DEPUTY DIRECTOR GENERAL FOR INTERNATIONAL SECURITY AFFAIRS ASULA. ASULA ASSURED US THAT A MISTAKE HAD BEEN MADE, THAT HE HAD SPECIFICALLY INFORMED MINISTRY OF FINANCE THAT, SINCE INCIRLIK WAS A "NATO INSTALLATION," IT SHOULD NOT BE SUBJECT TO SUCH TAXES AND THAT HE WOULD STRAIGHTEN MATTER OUT WITH MINISTRY OF FINANCE. INCIRLIK PROCUREMENT OFFICE, ON BASIS ASULA'S ASSURANCES, WAS INSTRUCTED NOT RPT NOT TO PAY TAXES. IN LETTER DATED JANUARY 5, LOCAL ELECTRIC COMPANY RENEWED DEMANDS TO INCIRLIK PROCUREMENT OFFICE FOR PAYMENT OF 330,813 TL ASSESSMENT, STATING THAT NO INSTRUCTIONS TO CONTRARY HAD BEEN RECEIVED FROM MINISTRY OF FINANCE, AND SETTING JANUARY 18 AS DEADLINE FOR PAYMENT. IF TAXES NOT PAID BY THEN, ELECTRIC COMPANY THREATENED TO CUT OFF ELECTRICITY TO BASE ON THAT DATE.

4. EMBASSY RAISED MATTER AGAIN WITH ASULA ON JANUARY 11 AND 12 AND WAS AGAIN ASSURED THAT MFA WOULD INSTRUCT TAX OFFICIALS TO DESIST. LATE JANUARY 13, HOWEVER, MFA OFFICIAL INFORMED US THAT THE TAXES ON THE INCIRLIK ELECTRICITY BILLS WOULD HAVE TO BE PAID, EARLIER ASSURANCES TO THE CONTRARY NOTWITHSTANDING. THE MINISTRY OF FINANCE, HE SAID, WOULD NOT INSTRUCT THE ELECTRIC COMPANY TO WAIVE THE TAXES WITHOUT A WRITTEN REQUEST FROM MFA. THE MFA, AT THE SECRETARY GENERAL LEVEL, DECIDED IT COULD NOT PROVIDE SUCH A REQUEST, WHICH WOULD BE COUNTER TO DECISION OF THE CABINET THAT THE DEFENSE COOPERATION AGREEMENT (DCA) AND RELATED AGREEMENTS GRANTING TAX RELIEF HAD BEEN ABROGATED AND WERE NO LONGER BINDING.

5. ON JANUARY 14 MSA COUNSELOR TOLD ASULA THAT CUT-OFF OF ELECTRICITY AT INCIRLIK WOULD BE HIGHLY DETRIMENTAL
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TO CURRENT NEGOTIATION EFFORTS AND POINTED OUT THAT, WHILE U.S. ELEMENT THERE WOULD SUFFER PARTIAL ELECTRICAL SHORTAGE, TURKISH ELEMENT AT INCIRLIK WOULD LOSE ALL ITS ELECTRICITY. ASULA STATED THAT HE WAS URGENTLY ATTEMPTING TO RESOLVE MATTER BY DIRECTLY ASKING ADANA OFFICIALS TO POSTPONE INDEFINITELY COLLECTION OF BILL. HE INDICATED TURKISH GENERAL STAFF (TGS) ASSISTANCE HAD ALSO BEEN SOLICITED. HE STATED TGS WOULD NOT RPT NOT

BE ABLE TO PAY BILL FOR FINANCIAL REASONS. ASULA ACKNOWLEDGED THAT, IF HIS CURRENT EFFORTS ARE UNSUCCESSFUL, PROBLEM COULD ONLY BE RESOLVED BY CABINET, WHERE FAVORABLE OUTCOME WOULD BE DOUBTFUL.

6. COMMENT: ALTHOUGH THIS MATTER, IF IT HITS PRESS, COULD BECOME A POLITICAL ISSUE FROM WHICH GOVERNMENT WOULD FIND DIFFICULTY IN BACKING DOWN, WE STRONGLY BELIEVE THAT WE SHOULD NOT RPT NOT UNDER ANY CIRCUMSTANCES PAY THIS TAX. TO DO SO WOULD SERIOUSLY UNDERMINE NOT ONLY OUR NEGOTIATING POSITION REGARDING TAX RELIEF BUT OUR OVERALL EFFORTS TO CONVINCE GOT THAT WE WILL NOT ACQUIESCE IN CONTINUATION OF PROVISIONAL STATUS RESTRICTIONS.

7. TUSLOG INFORMS US THAT IN THIS WINTER PERIOD OF LOW ELECTRICITY CONSUMPTION, U.S. GENERATORS CAN SUPPLY U.S. ELEMENT'S BASIC NEEDS AT INCIRLIK. WE ARE INFORMING TURKISH BASE COMMANDER, HOWEVER, THAT WE CANNOT SERVICE HIS FACILITIES.
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